

EXCESS SURPLUS and EXAMPLES

California Community Redevelopment Law (Health & Safety Code) §33334.12(g)(1) defines excess surplus to mean any unexpended and unencumbered amount in an agency's Low-Mod Fund that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the Low-Mod Fund during the preceding 4 fiscal years. Also that excess surplus firsts exist on July 1, 1994. §33334.12(a) specifies that agencies either transfer excess surplus to the county housing authority within 1 year or fully spend or encumber excess surplus within two additional years. Excess surplus remaining at the end of 3 years shall incur a penalty of 50% from sources other than Low-Mod funds.

Procedure: 1. Determine on the 1st day of every fiscal year. 2. Adjust prior year's ending Fund Balance for (a) encumbrances; (b) certain land conveyances at less than fair market value; and (c) allowable debt proceeds and income. 3. Compare result to definition of excess.

Fiscal Year	Total Tax Increments Deposited in Housing Fund	Sum of Deposited Tax Increment in Housing Fund From Previous Four FYs	Adjusted Balance as of 7/1/93 *	Excess Surplus Declared on 7/1/94	Amount Expended and Encumbered Against Each Year's Excess Surplus as of	Remaining Excess Surplus, for Each Year as of
89-90	\$ 150,000			\$	\$	\$
90-91	\$ 200,000			\$	\$	\$
91-92	\$ 250,000			\$	\$	\$
92-93	\$ 300,000			\$	\$	\$
Jul 1 94		>(\$1mm or) \$900,000	\$ 1,050,000	\$ 50,000	(special year: surplus must be eliminated ≤	
Fiscal Year	Total Tax Increments Deposited in Housing Fund	Sum of Deposited Tax Increment in Housing Fund From Previous Four FYs	Adjusted Balance as of 7/1/94 *	Excess Surplus Declared on or as of 7/1/94	Amount Expended and Encumbered Against Each Year's Excess Surplus as of 6/30/95	Remaining Excess Surplus, for Each Year as of 6/30/95
90-91	\$ 200,000			\$	\$	\$
91-92	\$ 250,000			\$	\$	\$
92-93	\$ 300,000			\$	\$	\$
93-94	\$ 350,000			\$ 50,000	\$ 10,000	\$ 40,000 (≤1/1/97)
Jul 1 94		\$ 1,100,000	\$ 1,200,000	\$ 100,000	\$ 20,000	\$ 80,000 (≤7/1/97)
Fiscal Year	Total Tax Increments Deposited in Housing Fund	Sum of Deposited Tax Increment in Housing Fund From Previous Four FYs	Adjusted Balance as of 7/1/95 *	Excess Surplus Declared on or as of 7/1/95	Amount Expended and Encumbered Against Each Year's Excess Surplus as of 6/30/96	Remaining Excess Surplus, for Each Year as of 6/30/96
91-92	\$ 250,000			\$	\$	\$
92-93	\$ 300,000			\$	\$	\$
93-94	\$ 350,000			\$ 40,000	\$ 20,000	\$ 20,000 (≤1/1/97)
94-95	\$ 400,000			\$ 80,000	\$ 30,000	\$ 50,000 (≤7/1/97)
Jul 1 95		\$ 1,300,000	\$ 1,300,000	\$ 0	\$	\$
Fiscal Year	Total Tax Increments Deposited in Housing Fund	Sum of Deposited Tax Increment in Housing Fund From Previous Four FYs	Adjusted Balance as of 7/1/96 *	Excess Surplus Declared on or as of 7/1/96	Amount Expended and Encumbered Against Each Year's Excess Surplus as of 6/30/97	Remaining Excess Surplus, for Each Year as of 6/30/97
92-93	\$ 300,000			\$	\$	\$
93-94	\$ 350,000			\$ 20,000	\$ 10,000	\$ 10,000 (≤1/1/97)
94-95	\$ 400,000			\$ 50,000	\$ 50,000	\$ 0 (≤7/1/97)
95-96	\$ 450,000			\$	\$	\$
Jul 1 96		\$ 1,500,000	\$ 1,450,000	\$ 0		

NOTE: FY 1993-94 \$10,000 DREW A \$5,000 PENALTY (50%) BECAUSE EXCESS SURPLUS REMAINED AFTER JAN 1, 97